Narrative

A. Comprehensiveness

1) What problem does this proposal address?

Meaningful, sustainable health care reform requires comprehensive change. Adding all those currently without coverage to the present system would create some benefit, but would fail to deliver cost containment, improved efficiency, and gains in quality. However, politically and logistically, comprehensive health care reform is difficult to accomplish at a single point in time. The Colorado Coalition for the Medically Underserved's plan, *Healthy Colorado Now*, proposes a reform model that can cover everyone with needed care by building on the existing system, while creating a new model with the capacity to grow and expand to absorb pieces of the existing system at whatever time that becomes politically, legally, and logistically possible.

According to the Colorado Health Institute approximately 770,000 Coloradans lack health insurance; an estimated 17.1 percent of the population[i]. This proposal for comprehensive health care reform will ensure access to timely, affordable, quality care to all Coloradans. It improves health care access by developing a not-for-loss reimbursement policy and enrolls Coloradans in a coverage plan.

There is growing evidence that says Americans are willing to pay for some type of guarantee of health insurance coverage for all. The American Federation of Hospitals (AFH) published a survey, American Attitudes on Coverage, in February of 2007. AFH reported 43 percent of those surveyed felt providing health care coverage for the 47 million uninsured Americans to be the most important health care issue for the President and Congress to address[ii].

A nationwide telephone poll conducted in February of 2007 by the New York Times and CBS found Americans across party lines are willing to make some sacrifice to ensure that every American has access to health insurance[iii]. Sixty percent, (including 62 percent of independents and 46 percent of Republicans), said they would be willing to pay more in taxes, and half said they would be willing to pay as much as $500 a year more. Nearly eight in ten said they thought it was more important to provide universal access to health insurance than to extend the tax cuts of recent years. The Colorado Chapter of the American Academy of Pediatrics and the Colorado Medical Society conducted a statewide telephone survey in September of 2006. 55 percent of those surveyed said they were likely to vote for a gubernatorial candidate who supports extending health care to all citizens even if it means raising some taxes[iv].

Furthermore, the Institute of Medicine estimates that the millions of people who lack insurance coverage generate between $65 billion and $130 billion annually in costs associated with diminished health and shorter life spans[v]. Last year Colorado spent $1 billion taking care of the uninsured. This plan, *Healthy Colorado Now*, offers affordability by providing subsidies to individuals and families that cannot afford coverage, and saves money by encouraging healthy lifestyle choices and promoting preventive care benefits.

2) What are the objectives of your proposal?

Healthy Colorado Now will improve the length, quality, and productivity of people's lives. The following objectives are necessary to reach that goal.

- Efficiency- The administration and delivery of health services through *Healthy Colorado Now* will use the fewest resources necessary to produce the highest quality.
- Economic Sustainability- Health care expenditures in *Healthy Colorado Now* will be managed to ensure sustainability over the long-term, using efficient planning, budgeting and coordination of resources, based on public values while recognizing the importance of public expenditures on private health care.
- Aligned Financial Incentives- Financial incentives will be aligned to support and invest in activities that will achieve the goals of *Healthy Colorado Now*.
- Community-Based- The delivery of care and distribution of resources will be organized to take place at the community level. The community will be involved in the design of benefit packages, limitations, technical assessments, and more.

B. General

1) Please describe your proposal in detail.

Healthy Colorado Now proposes a new health coverage plan called the Personal Responsibility Option in Colorado (herein PRO-CO). It serves as an option for persons that do not have health coverage in Colorado because their employer does not offer it, or the cost of premiums is too high. PRO-CO will initially target enrollment of those who are currently working but uninsured in Colorado. Over time, as PRO-CO's model delivers value in the form of lower costs and better performance, private insurers will have to compete with the model and existing public programs can be folded into its structure.

Persons under 250 percent of the Federal Poverty Level (herein FPL) who are uninsured and not eligible for Medicaid or Child Health Plan *Plus* (CHP+), will be eligible for PRO-CO with fully subsidized premiums. Persons with incomes between 250 and 500 percent of FPL will be eligible for subsidized assistance toward the cost of their premiums in PRO-CO. Consumers will have the choice to purchase private insurance, but the sliding scale subsidies are only available for PRO-CO premium assistance.

Healthy Colorado Now involves several key components. Medicaid and CHP+ eligibility levels will be increased to 250 percent of FPL, and all eligible persons will be enrolled so that all children, parents and disabled persons under 250 percent of FPL will be covered through these public programs. We request the Commission's modeling authority to model the optimal mix of Medicaid and CHP+ enrollment expansions to cover this population at the least cost to the state. Childless adults under 250 percent FPL, not covered under an employer's plan, will be enrolled in PRO-CO if the state, through waivers, cannot enroll them in CHP+ or Medicaid.

After three to five years of successful operation of PRO-CO, the state can examine possibilities for the merger of Medicaid, CHP+ and PRO-CO. Such a merger would require ensuring the catastrophic and special needs coverage of certain current Medicaid populations will remain intact while the health promotion and high value benefit design of PRO-CO will apply to most enrollees.

PRO-CO will be governed by a non-profit, non-governmental authority board called the Colorado Health Authority (CO Healthy Authority). The authority will consist of a 12-member elected board which will provide oversight to seven committees. The committees will define a standard benefit package, create a process for the development of better technology assessment for benefit design and ongoing management, initiate the implementation of new health information technology (HIT), and provide quality and performance measures. Further, they will adopt medical home standards, create measurement tools, provide incentives for providers to reach this level of care, and seek incentives for consumers to utilize preventative care and adopt a medical home. The findings and recommendations of these committees will be available for review and adoption across the market.

The administration of this new program will be structured to efficiently, thoughtfully, and transparently administer the new PRO-CO program. The structure will also enable this body to

do strategic planning and make strategic investments that will ultimately transform health care delivery for the entire state and for all patients, providers, and payers.

Healthy Colorado Now will build on the employer-based system. Employers in Colorado that choose not to provide insurance to their workforce will pay a payroll fee that will be actuarially determined and based on a formula that factors in total number of employees and gross business income. All employers will have the responsibility of withholding and documenting employer and employee health care contributions as part of their ongoing accounting. For employees who are not covered under an employer sponsored policy (either because it is not offered or because they have declined to take it), the employer will render to the state a payroll fee and will withhold the employee's contribution from each paycheck. These fees will go into the pool funding PRO-CO. The payroll fee will be actuarially determined in a way that ensures fairness between employers, accounts for the variable resources of different employer structures, and minimizes incentives for employers to drop existing private coverage. We ask the commission's modeler to model different payroll fee structures that would accomplish these goals in a "pay-or-play" mechanism.

There are four basic tenets to the *Healthy Colorado Now* plan:

- Guaranteed Issue
- Standard Benefit Package
- Community Rating System
- Default Enrollment System

Guaranteed issue will be implemented across the non-ERISA insurance market to ensure coverage for all Coloradans. This will require insurers to sell health policies to any purchaser, regardless of their health status.

PRO-CO will offer a standard benefit package including a high performance, predominantly generic drug formulary. PRO-CO will purchase drugs through bulk purchasing arrangements, combining the purchasing power of all state programs and those of other states if at all possible. A committee under the oversight board will be established to continually evaluate the basic benefit package for cost-effectiveness and clinical appropriateness. The PRO-CO standard benefit package will serve as the standard floor level of benefits for the state; every non-ERISA insurer must offer at least the PRO-CO benefit package. In addition to the basic coverage offered by PRO-CO, beneficiaries have the option to buy higher levels of benefits through richer plans offered through their employers, or through supplemental plans or complementary coverage offered through the private market.

A modified community rating system will be required for all non-ERISA insurers in the private market. This system will establish the level of premiums in which the premium is based on the average of anticipated services used by all subscribers in the state. Community rating is one way the state regulates premium costs in the small-group market. Under *pure community rating*, all policy holders within a particular small group are charged the same premium regardless of age, health status, gender or other factors. Research finds that pooling risk is less data intensive and can create substantial economies of scale by cutting administrative costs, limiting total spending, moderating risks and making insurance more available and affordable. Since the insurance rating structure is simplified, an insurance company's rating practices become more transparent.

A default enrollment system will be implemented. Insurance will be mandatory; therefore anyone who does not sign up for private insurance directly will be automatically enrolled in PRO-CO. As noted above, the mechanism for default enrollment will occur at the employer level.

2) Who will benefit from this proposal? Who will be negatively affected by this proposal?

PRO-CO will be a high performance health system which will benefit all Coloradans. It will focus on major quality and safety improvements with an emphasis on primary and preventive care that is patient centered. Quality of life will increase in general for all Coloradans as everyone will have basic health coverage through Medicaid, CHP+, PRO-CO, or a private insurer. PRO-CO will lower premium costs to those with insurance since as much as 10 percent of their premium currently goes to pay health care costs for the uninsured[vi]. Overhead in the private insurance market will drop from community rating and guarantee issue through the reduced costs of underwriting.

Providers will benefit from *Healthy Colorado Now*. The financial impact on physicians, midlevel and ancillary providers, and hospitals providing charity care will decrease because of the increased coverage in the state. A study by the Center for Studying Health System Change found that the proportion of U.S. physicians providing charity care dropped to 68 percent in 2004-05 from 76 percent in 1996-97[vii]. The decline is due to the increase in the number of uninsured. Providers no longer have the opportunity to provide charity care because there is no opportunity for them to make up free care with increased reimbursement from payers.

The *Healthy Colorado Now* plan may attract industries to Colorado that will find stability in the new health market environment. Colorado will find itself attracting the best and the brightest because it have solved an economic problem of heroic magnitude.
Corporations will likely find value in a well designed high value, basic benefits package and a public venue for that product at low cost.

3) How will your proposal impact specific groups of people?

Currently insured persons in the state will be positively impacted by the *Healthy Colorado Now* plan as cost shifting to cover the uninsured will be reduced. Cost shifting affects payers because the providers have to collect money from somewhere to cover the costs of uncompensated care. Therefore, this plan will minimize cost shifting by insuring everyone. Furthermore, those currently insured will see stabilization of their premiums and will not be subject to increased costs or loss of insurance as a result of changing health status.

Those that are currently uninsured in Colorado will benefit from health coverage. Studies have shown that the uninsured are less likely to have a regular source of care, to have had a recent physician visit, to use preventive services, or to get care after an injury[viii]. The uninsured are *more* likely to delay seeking care, to report not receiving care, to use emergency rooms as a regular source of care, and to be hospitalized for avoidable conditions[ix]. Regular access to health care increases the chances of better health outcomes and reduces health disparities. Further, better health leads to higher income and more productivity in the labor force[x].

All Coloradans will benefit by improved quality, reduction in cost increases, and a focus on patient safety and evidence based medicine (EBM is the integration of clinical expertise, patient values, and the best evidence into the decision making process for patient care[xi]).

The state will benefit by having a stable and predictable cost structure for health care, and by improving the business environment in a manner that will allow the state to attract new businesses. According to the Kaiser Commission on Medicaid and the Uninsured, better health would improve annual earnings for adults by about 10-30 percent[xii]. Better health would also increase educational attainment.

Healthy Colorado Now does not propose to make changes to the benefits for the Medicaid, Medicare, and CHP+ programs. However, the implementation of the *Healthy Colorado Now* plan will change the current insurance market in Colorado. The private health insurance industry will be required to guarantee issue and implement a modified community

rating system for all non-ERISA plans. The private market will continue to offer a variety of packages for employers and individuals to purchase. They will find a new market in offering supplemental and complementary plans that cover medical, surgical, or complementary services not covered by, or only partly covered by, PRO-CO and other basic benefit plans.

4) Attach any evidence regarding the success or failure of approach.

An abundance of evidence exists to prove that people who get preventive health care enjoy better lives overall. Study after study shows that primary and preventive care not only improves patient outcomes, but greatly reduces future health care costs as well.

Prevention Works

Children

A growing body of research shows that intervening early and expanding the "Medical Home Model" improves prenatal care and birth outcomes[xiii]. One example is Rhode Island's RIte Care Program started in 1994. This is the state's managed care program for Medicaid and the State Children's Health Insurance Program and for certain uninsured populations. The program covers pregnant women and children with incomes up to 250 percent of FPL using a medical home model. Features include interventions to improve prenatal care, a streamlined application process, adequate reimbursements, and breaking through system barriers. Research examining adequacy of prenatal care before and after implementation of RIte showed significant improvement[xiv]. For example, the portion of pregnant Medicaid beneficiaries receiving adequate prenatal care increased from 56 percent in 1993 to 76 percent in 2000.

Children and Parents

A Center on Budget and Policy Priorities review of research found that covering low-income parents in programs such as Medicaid and State Children Health Insurance Plans increases enrollment of eligible children, and children gain better access to health care and improve their use of preventive health services[xv]. Further, expanding coverage for parents strengthens insurance coverage and health care access for parents themselves and is associated with greater use of preventive health care such as pap smears and breast exams[xvi].

Working-Age Adults

The *Healthy Colorado Now* plan includes an emphasis on preventive care. The uninsured receive less preventive care, are diagnosed at more advanced disease stages, and once diagnosed, tend to receive less therapeutic care and have higher mortality rates[xvii]. In an extensive review of

the literature on health insurance coverage, a 2002 report by the Institute of Medicine found that working age adults 18-65 years of age without health insurance were significantly more likely to suffer from adverse health outcomes or die prematurely than adults with health insurance[xviii]. The report looked at the consequences of being uninsured for working-age people suffering from cancer, diabetes, HIV infection and AIDS, heart and kidney disease, mental illness, traumatic injuries, and heart attacks. The report found that people without health insurance are more likely to receive too little medical care and receive it too late; be sicker and die sooner; and receive poorer care when they are in the hospital, even for acute situations like a motor vehicle crash.

Medical bills and Debt Means less Needed Care

With adequate health care, working individuals and families are less likely to struggle with paying for medical bills and accruing medical debt[xix]. A 2003 Commonwealth Fund Biennial Health Insurance Survey found that nearly two of five U.S. adults (37 percent) have difficulty paying for medical bills[xx]. The survey also found that people with medical bills or debt are nearly three times as likely to go without needed care compared to people without medical financial problems.

5) How will the program be governed and administered?

Under the *Healthy Colorado Now* plan public programs will continue to be governed and administered by the Colorado Department of Healthcare Policy and Financing (HCPF). Further, the insurance industry will continue to be governed under the Colorado Division of Insurance.

The *Healthy Colorado Now* plan proposes a non-governmental, non-profit authority like the Colorado Compensation Insurance Authority (Colorado worker's compensation authority) to provide oversight. Under the *Healthy Colorado Now* plan, the CO Health Authority will facilitate the implementation of the PRO-CO entity, and it will be capable of assessing and modifying the program as necessary. The Health Authority will oversee the election of the 12 board members and will include involve input from stakeholder groups (See Figure 1, Page 10).

The Authority will provide oversight for the following:

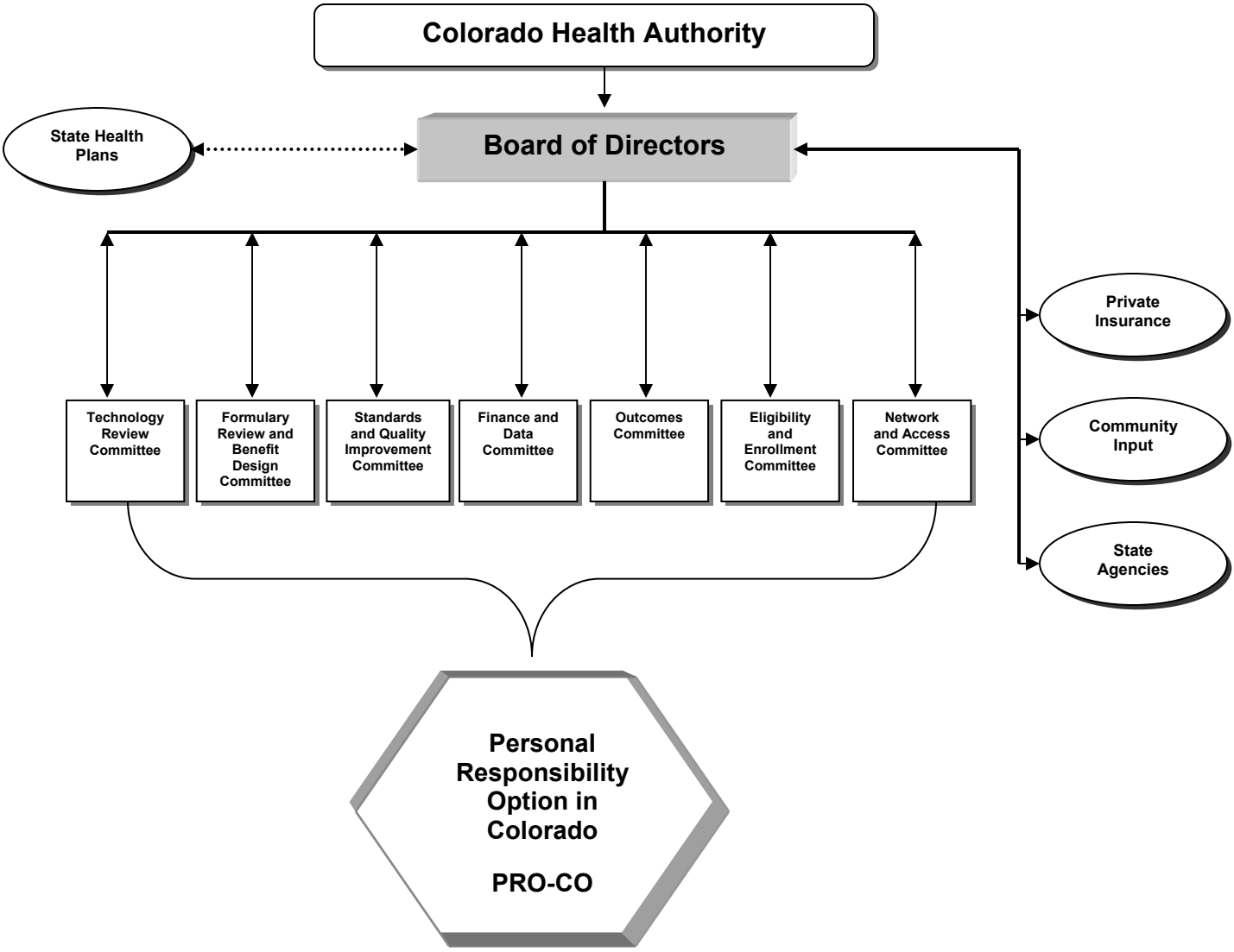
I. Design the operating procedures for PRO-CO

II. Provide oversight for seven non-profit, independent committees:
    - Technology Review
    - Formulary Review and Benefit Design
    - Standards and Quality Improvement
    - Finance and Data
    - Outcomes
    - Eligibility and Enrollment
    - Network and Access

III. Contract with a carrier to provide the following administrative duties for PRO-CO:
    - Evaluate the eligibility of claims and make timely payment of benefits to participants and providers
    - Establish an effective billing procedure for the collection of premiums
    - Administer PRO-CO in a cost-efficient manner using case management and proven cost-containment methods
    - Generate claims and other reports to allow PRO-CO to properly track timeliness and accuracy of claims processing and payment, utilization patterns, case management needs, administrative costs, net written and earned premiums, the paid and incurred losses each year and such other data as the CO Health Authority requests
    - Determine the accessibility and adequacy of the panel of providers who will provide benefits and services to participants
    - Implement payroll deduction for employers to collect premiums (page 10)

Figure 1 (page 10) illustrates the structure of the CO Health Authority. The Authority will provide oversight for the election of the 12 member board of directors. The Board will oversee the seven committees, and the work of the committees will flow to the PRO-CO program. The Board will share the benefits of their data and at times make recommendations to state agencies and the private insurance industry. The Board will share some regulations with the private, non-ERISA insurance industry, and it will give and receive input from the community.

Figure 1: Colorado Health Authority Structure



The *Healthy Colorado Now* plan for **billing and collections** follows:

All residents of Colorado will be required to carry health insurance. If eligible, they will be enrolled in Medicaid or CHP+; if not they will enroll in PRO-CO or any plan in the private market. All employers are required to either offer employee sponsored health insurance or pay a percentage of payroll to fund PRO-CO; this is known as the pay-or-play concept. Most employers, whether offering health insurance or not, already have a payroll system in place that is either done manually or prepared by a payroll company.

In the current system employers who offer health insurance are required by carriers to have a certain number of eligible employees participate in the health plan. Individuals who have coverage through their spouse are considered eligible but not required to enroll in the employer plan. Under the *Healthy Colorado Now* plan individuals who decline the employer sponsored coverage are required to have coverage and will default to PRO-CO unless they have attained acceptable basic coverage by another means. The plan proposes that individuals covered by PRO-CO will meet the participation requirement of the carriers.

Through the pay-or-play concept employers who don't offer health insurance will remit a percent of payroll and withhold appropriate amounts from employees not covered elsewhere. Employers are currently required to either manually or electronically deduct funds from employees to pay a variety of taxes (state, federal, and city taxes; social security; health insurance premiums; etc.) and to remit those funds to various entities. PRO-CO premiums will be based on income, and an income based sliding scale schedule will be prepared to reflect premium cost for PRO-CO. All PRO-CO beneficiaries insured in a given income bracket will have the same rate, so all employers will know the appropriate amount to withhold and remit. Individuals enrolled in PRO-CO with an income under 500 percent of FPL will have a sliding scale premium contribution that will be withheld from their paycheck. We request that the modelers model several sliding scale models between 250 and 500 of FPL but consider affordability to be no more than six percent of income.

Each employee is unique given the number of dependents, the salary level, eligibility for benefits, hours worked during the pay period etc. which will require the employer to calculate the deductions for each paycheck during each pay period. Since PRO-CO premiums will be calculated on income, different amounts will be withheld to reflect any variations in pay during each pay period. For example, if someone works fewer hours during a pay period, the amount of PRO-CO premium withheld will be reduced accordingly. Conversely, if someone receives a promotion they may become ineligible for the PRO-CO subsidy. The employer will be responsible for remitting the appropriate amount to PRO-CO.

6) ***To the best of your knowledge, will any federal or state laws or regulations need to be changed to implement this proposal?***

The current Medicaid law excludes childless adults from eligibility. The *Healthy Colorado Now* plan as currently written will enroll these individuals in PRO-CO. We request

that the modeler also model the assumption that currently uninsured childless adults could be enrolled in Medicaid as well and model the cost of expanding coverage in this manner as it may prove to be less costly to the state. Such a Medicaid expansion would require a Medicaid waiver to expand the program eligibility to cover this population. If Colorado could qualify for the same federal financial participation match with this expansion, state costs would potentially be lower and we request this be modeled as an option. If, after three to five years of operation, Colorado should chose to merge all or portions of the populations covered by CHP+ and Medicaid, into PRO-CO, this merger would also require a federal waiver under current statute. If, after three to five years of operation, Colorado should chose to merge all or portions of the populations covered by CHP+ and Medicaid, into PRO-CO, this merger would also require a federal waiver under current statute. All rules and regulations regarding this plan are subject to final determinations regarding ERISA implications.

7) ***How will your program be implemented? How will your proposal transition from the current system to the proposal program? Over what time period?***

2008

- Recommendations from Blue Ribbon Commission made to legislature

2009

- Medicaid and CHP+ income eligibility levels will be expanded to 250 percent of FPL
- Select CO Health Authority body (like the Colorado Compensation Insurance Authority)
- Elect the 12 member board
- Contract organization to administer PRO-CO
- Form seven committees
- Formulary Review and Benefit Design Committee will design benefit package through an open, transparent process involving stakeholder input

2010

- Voluntary and default enrollment for PRO-CO begins
- Mandates for private, non-ERISA insurers for standard benefit package, guaranteed issue, and community rating begin
- Pay- or play concept implemented for employers to offer health coverage to workforce

Future

- The Formulary Review and Benefit Design Committee will continue to evaluate standard benefits based on evidence-based medicine
- Seven committees will continually evaluate and make recommendations for capitol construction, quality standards, medical homes, an electronic medical records system, a single processing billing system, and a public database containing provider and procedure data for transparency purposes
- The findings of the seven committees will be available for the benefit of the state and the private coverage market
- After three to five years of successful operation the state can explore options for PRO-CO to accept the administration of all Medicaid and CHP+ enrollees

C. Access

1) ***Does this proposal expand access? Explain.***

A study by the Center for Studying Health System Change found that the uninsured are less than half as likely to see or talk to a doctor compared to insured people[xxi]. Coloradans need and deserve access to timely, quality and appropriate health care. The Network and Access Committee under the Authority will find innovative ways to expand the number of primary care physicians, keep them in the state, and determine market incentives to increase access to providers. However, the first step is to provide adequate reimbursement that is not-for-loss. The not-for-loss reimbursement rates will expand access for this new covered population by paying providers enough that they are willing to expand the number of people they see.

2) ***How will the program affect safety net providers?***

This plan will affect providers in the safety net. However, Federally Qualified Health Centers (FQHCs) and other community clinics will continue to play an essential role in providing care to Medicaid, and CHP+ patients. FQHCs and other community clinics are an essential part of where people in PRO-CO will go to get their care; they are the experts in providing care to the most vulnerable populations, and they are the model of what a medical home should look like. Furthermore, these providers have unparalleled expertise at caring for vulnerable and special needs populations and will continue to be among the best equipped to provide that care in the future.

Even in a system of universal coverage, a health care safety net including public hospitals, clinics, and community health centers remain a crucial integrated part of care. The *Healthy Colorado Now* plan will increase the number of persons insured through public programs through the active enrollment of all qualifying individuals under 250 percent of FPL into Medicaid or CHP+ programs. Most of the medically underserved who get care now, receive their care through safety net providers like FQHCs and other community clinics. For the most part, these individuals will continue to seek care in the same practices as before.

The seven committees under the CO Health Authority will pay particular attention to the safety net. The committees will help to build the infrastructure of the safety net by increasing capacity through capital grants, incentivizing providers through loan repayments, and focusing on technology to help professionals and facilities manage their care. Further, the committees will find ways to enhance and strengthen the safety net, and build upon the strengths of FQHCs and community clinics. They already provide services such as translation, case and chronic care management, outreach and enrollment, setting quality standards, and measuring positive outcome indicators.

D. Coverage

1) ***Does your proposal expand health care coverage? How?***

This *Healthy Colorado Now* proposal aims to expand coverage options for everyone. All eligible persons below 250 percent of FPL (about $50,000 for a family of four) will be covered through public programs, and the cost will be shared between the state and federal government. The remaining uninsured will be required to choose PRO-CO or a private carrier, or they will be enrolled in PRO-CO by default. Persons between 250 and 500 percent of FPL will share the cost of premiums with their employer and state as they will be eligible for subsidies based on a sliding scale. Persons above 500 percent FPL will likely be covered through their employer; therefore they will share costs with their employer and an insurer. Those not covered by employer sponsored insurance will enroll in the private market, or they will be defaulted into PRO-CO. This will expand coverage to the 770,000 currently uninsured, but access will be assured through an adequate provider network.

2) ***How will outreach and enrollment be conducted?***

Since the passage of Amendment 35 in Colorado (which increased taxes on tobacco products), and Referendum C (which exempted the state from some TABOR restrictions for five

years), the legislature has been able to lift the enrollment cap on CHP+ and appropriate funds for outreach. The current level of outreach and enrollment will continue for Medicaid and CHP+ in Colorado, and it will be extended to PRO-CO. *Healthy Colorado Now* will use some of this money to expand medical assistance sites, and support community based organizations that serve as certification sites. Individuals will enroll through their employer or by seeing a provider. All hospitals will be enrollment centers for PRO-CO as well. A portion of the funding will go towards training support for these added sites.

Additionally, a streamlined and centralized enrollment system that is the same for all counties in the state will be implemented for PRO-CO enrollment and is recommended for Medicaid and CHP+. A 2006 study by the Rand Corporation found when SCHIP and Medicaid are integrated or streamlined; the application process is more simple and easy to understand[xxii]. Further, the study found that streamlining also reduces state and county administrative costs without increasing the number of kids enrolled in a program for which they are not eligible[xxiii].

3) If applicable, how does your proposal define resident?

The *Healthy Colorado Now* plan defines a Colorado resident as anyone who lives here and plans to stay here, or someone who is working or looking for work in Colorado. This definition was adopted from the California Health Care Proposal[xxiv].

E. Affordability

1) What will enrollee and/or employer premium sharing requirements be?

The *Healthy Colorado Now* plan will have a pay-or-play mechanism for employers to offer health insurance. Employers will be charged a percentage of payroll if they do not offer health insurance to their employees and for employees who do not take the employer sponsored plan. The employer payroll fee will be determined by an actuary, and take into account the economic viability of the organization to determine a fair payroll percentage to pay. We anticipate the payroll fee will be determined by a formula that accounts for the number of employees, the total payroll, and the total revenue of the business. We would ask the modelers to model different assumptions in this regard and to select a price point where payroll fees and employer contributions to insurance are not only similar among like businesses, but that the fees are set at a rate that will discourage employers from abandoning existing coverage arrangements.

This plan will mandate individuals to purchase health insurance. This can be done either through employers or through individual purchasing. Employers are responsible for withholding the appropriate deductions from an employee's paycheck. The persons that fall between 250 and 500 percent of FPL will be eligible for a sliding scale subsidy which will offset the cost of their premiums. The premium discount will be reflected in the amount deducted from their paycheck.

2) How will co-payments and other cost-sharing be structured?

Co-payments and other cost-sharing mechanisms will be employed to control costs and limit utilization of less valuable discretionary services. Cost sharing under the *Healthy Colorado Now* plan will favor cost effective, evidence-based primary care and prevention as well as pro-active management of chronic conditions. However, it will incorporate some limitations on expensive and heroic services and will necessitate some caps in total spending per beneficiary. We would ask the modelers to examine what caps may be necessary to achieve an affordable premium under these assumptions.

This plan will promote a medical home with the idea that continuous primary care is a powerful way to control cost and improve quality[xxv]. Consequently, this plan will not utilize cost-sharing for visits to the primary care physician after the first visit. This will incentivize the medical home and discourage "doctor shopping."

Cost-sharing will be employed for acute, non-life threatening conditions, specialty visits, and high cost, discretionary services as determined by the Formulary Review and Benefit Design Committee. Routine health maintenance and proactive chronic disease self-management is less expensive than acute disease treatment; therefore consumers who actively participate in the self-management of their health should pay less for their health care.

Steeper cost-sharing will be actuarially determined and employed for non-emergency medical use of the emergency department. Also, a single high performance drug formulary will be established and co-pays will be used for the less valuable interventions as established by the Committee.

F. Portability

1) ***Describe any provisions for assuring that individuals maintain access to coverage even as life circumstances and health status change.***

The *Healthy Colorado Now* plan includes portability. PRO-CO beneficiaries will remain covered regardless of job changes because their premium will be deducted from their paycheck. Further, persons with private or employer sponsored coverage can drop into the PRO-CO Plan anytime. This allows continuous coverage regardless of job or income changes, divorce, remarriage, or other events in their lives. Guarantee issue and community rating will mean that individuals who prefer to remain in the private insurance market will be better able to do so after experiencing an adverse health event, as their premiums and their employer group costs will not rise under those circumstances.

PRO-CO provides a safety net for persons who lose coverage; if life circumstances and health status change, the person will be covered. This continuity of care promotes trust between the patient and the provider, and it is shown to improve outcomes of care by increasing clinicians' knowledge of relevant facts about a patient.

G. Benefits

1) ***How are the benefits adequate; do they include appropriate limitations and address distinct populations?***

An appropriately defined set of benefits allows people to get the care they need in a timely manner. Further, it also assures that individuals do not go bankrupt over medical care and neither does the public funding mechanism. A defined set of benefits does not assure that everyone gets every possible medical procedure known. However, published studies have shown that the public is willing to make meaningful coverage sacrifices in order to get meaningful coverage[xxvi]. Setting a standard on acceptable levels of health benefits and providing premium assistance for low- and moderate-income families will allow coverage for the estimated 770,000 uninsured in the state.

A defined set of medical benefits to be covered by both PRO-CO and by the private sector will assure a standard level of medical services for all citizens, contain public costs, absorb catastrophic medical expenses, and direct citizens to more appropriately utilize preventive medical services[xxvii]. Less essential medical services can be covered by the private health insurance industry through supplemental and complementary insurance plans. Benefits design

will be based on community input and will include yearly and lifetime caps. Archimedes' catastrophic principles philosophy may help determine limits. The services follow:

1) Preventative (Immunizations, diabetes and hypertension screenings, well child check up, routine physicals, etc.)
2) Obstetrics
3) Acute/ Life Threatening (Trauma, ruptured appendix, heart attacks, etc.)
4) Acute Non-Life Threatening (Strep throat, minor injuries, ear infections, bladder infections)
5) Catastrophic
6) Chronic disease management (Diabetes, congestive heart failure, hypertension, etc.)
7) End of Life Care (In-home supportive services, hospice, palliative care, etc,)
8) Rehabilitation

The Formulary Review and Benefit Design Committee under the CO Health Authority will identify a level of benefits to define adequate, basic insurance in the state. Insurers will not be allowed to offer lesser coverage than the PRO-CO standard, but may offer richer packages or supplemental and complementary coverage plans. Decisions regarding benefits will be based on evidence-based medicine, favor preventive care with high yield, cost-effective services, and embrace evidence-based primary care and prevention. Benefit design will recognize the importance of adequate mental health coverage in overall health management. Research consistently finds that mental health parity requirements have little impact on premium costs (less than 1.5 percent), but are associated with decline in total health care costs[xxviii].

Benefits will exclude services without proven benefit or with poor cost benefit ratios. It will incorporate some limitations on expensive and heroic services and will necessitate some caps in total spending per beneficiary. Both benefits and limitations will continually be re-evaluated by the committee on an annual basis.

The committee will create a community process for designing the benefit package. It will be a meaningful process involving stakeholders from health care delivery organizations, professional and patient organizations, government, accrediting bodies, unions, and the business community. The committee will follow a consensus- building process which embraces fair and ethical practices in adoption of the benefit package. The committee will ensure the organizational process for designing and administering health benefits is transparent to those affected, is

participatory with a variety of stakeholders involved, is equitable and consistent, sensitive to value, and compassionate. The principles by which benefit design will be constructed follow:

- Incorporate incentives for primary care and evidence based prevention
- Embrace evidence based and high-value services
- Structure higher cost sharing for some services that are elective or lower yield
- Include some caps in total spending per beneficiary

2) ***Identify an existing Colorado benefit package that is similar to the one you are proposing*****.**

There is no current benefit package in the state, to our knowledge, that has coverage mirroring this basic plan. The Access Health Plan in Muskegon Michigan provides an example of a high value, low cost benefit plan that could serve as a template for a PRO-CO benefit basic package[xxix].

H. Quality

1) How will quality be defined, measured, and improved?

The definition of what constitutes safe care, care that improves patient outcomes, and the personal health status variables that impact the progression of disease change as medical science advances. The Standards and Quality Improvement Committee under the CO Health Authority will build on national measures developed by authorities such as the National Quality Forum, The Institute of Medicine, and the Centers for Medicare and Medicaid Services. The Committee will collaborate with organizations in the state such as Colorado Foundation for Medical Care, Colorado Clinical Guidelines Collaborative, and the Colorado Patient Safety Organization to work with Colorado hospitals, physician offices, nursing homes, and home health agencies in creating a uniform set of definitions to align and strengthen the measurement, performance, and reporting of safety and quality.

As modified by the Institute of Medicine (IOM), measures of the structure, process, and outcome aspects of quality include: effectiveness (achieving increases in survival or improved quality of life); efficiency (maximizing benefits for a given cost); access (the capacity of individuals to obtain the same quality of care); safety (the extent to which potential risks are avoided); acceptability (the degree to which expectations of informed consumers are met); continuity (the extent to which episodes of care are coordinated and integrated into overall care provision); technical proficiency (the extent to which care is consistent with contemporary

standards and knowledge); and appropriateness (the extent to which potential benefits of an intervention exceed the risk involved)[xxx].

There is evidence that many of the above measures of health care quality are either not being measured well in Colorado, or are being measured sporadically, or not at all. The Standards and Quality Improvement Committee will work to create standards of measurement, implement them in PRO-CO, and recommend their implementation for public programs and for insurers in the private market.

Work addressing health information system interoperability is currently underway and will provide a mechanism for consistently measuring performance. This system has the capacity to adapt to advances in medical knowledge and best practices. This capability has been shown to improve patient outcomes and enable better care coordination between and among care settings.

2) ***How, if at all, will quality of care be improved (e.g. using methods such as applying evidence to medicine, using information technology, improving provider training aligning provider payment with outcomes, and improving cultural competency)?***

The health care focus should shift to preventing disease. Quality systems that promote wellness and prevention are key to efficient health care delivery. While good health is an obvious objective, there are financial benefits as well. The current pay-for-procedure payment system rewards acute intervention while providing little or no incentive to prevent the conditions that create the need for acute intervention. Concentrating on prevention and evidence-based management of chronic disease that facilitates access to care before a patient is in distress, is showing reductions in overall costs by minimizing morbidity and mortality. Coloradans are ultimately responsible for their personal health. As consumers, they should be rewarded for their cost-effective behaviors. Routine health maintenance and pro-active chronic disease self-management are less expensive than acute disease treatment. Therefore, consumers who actively participate in the self-management of their health should pay less for their health care. Second, providers should be compensated for discussing and addressing these issues, whether in the office or by email, phone or fax. Systems designed to engage patients and providers around proven models of chronic disease management are critical. These collaborative models leverage system-level best practices, strategies for proactive patient engagement, and provider accountability while empowering patients with self-help tools and education.

I. Efficiency

1) Does your proposal decrease or contain health care costs? How?

The *Healthy Colorado Now* plan will decrease health care costs over time. However, the plan will require some up front investment to implement. As the plan grows over time, and all Coloradans are enrolled in some coverage, the plan will achieve savings and a lower rate of cost inflation. This will be accomplished through several mechanisms:

- Emphasis on prevention and wellness
- Reduced overhead
- Reduce cost shifting to payees
- More efficient care delivery if everyone is covered
- Medical homes for children are shown to save money within 12-18 months[xxxi]
- Elimination of low yield services
- Rigorous technology evaluation prior to implementation of expensive new technologies and therapies
- Care management services for high utilization consumers and certain chronic conditions
- Over time legislation may be needed to review resource allocation in the state

2) Does your proposal use incentives for providers, consumers, plans or others to reward behavior that minimizes cost and maximizes access and quality in the health care services?

The *Healthy Colorado Now* plan will incentivize PRO-CO beneficiaries through benefit design and evidence-based medicine. While the CO Health Authority serves PRO-CO specifically by evaluating outcomes of wellness incentives and encourage their incorporation into Medicaid and CHP+, private and state entities are welcome to the findings of the board and to benefits from their work.

PRO-CO will offer an actuarially appropriate cost savings for individuals willing to participate in the wellness promotion part of this plan called Active Choice. Participants in Active Choice will sign a wellness contract giving them a discount on their premiums and stating their willingness to participate in health and wellness programs. Ongoing access to the wellness discount will require some measure of participation in wellness activities. Muskegon Michigan's Access Health program has used a similar model to reduce plan costs nearly ten percent[xxxii].

The Active Choice component of the *Healthy Colorado Now* plan will link to currently available state and local wellness programs with proven efficacy (smoking cessation, weight loss, stress reduction, nutrition, exercise and fitness, etc.). Participants will receive a reduction in premium costs for active participation in the program. Coloradans are ultimately responsible for their personal health. As consumers, they will be rewarded for their cost-effective behaviors. Further, consumers who actively participate in the self-management of their health should pay less for their health care because routine health maintenance and proactive chronic disease self-management is less expensive than acute disease treatment.

Wherever possible, The CO Health Authority will use existing programs for PRO-CO beneficiaries. In some cases, building adequate capacity on a statewide basis may require developing some community level wellness programs that do not currently exist. Participants will be asked sign a yearly "contract for wellness" which is customized to their personal habits and needs.

Providers will be encouraged to provide a medical home through increased reimbursement for evaluation and management of primary care, and reimbursement of primary for time spend caring for patients whether in the office, through e-mail, or on the telephone. Further, consumers will be incentivized to utilize preventive care through the co-payment structure in the standard benefit package.

Providing safer health care, reducing the administrative costs of providing care, and helping Coloradans self-manage their health will make health dollars go farther. However, the finite number of dollars challenging the system will always exist. The current system places those decisions on limits of care on physicians and health plans. Other states have openly addressed the issue of limited coverage using objective measures and definitions as a basis for discussion of benefit limitations. If needed, Colorado should use a fair and objective process to address this financial funding limitation.

Incentives may be sought to encourage patient participation in end of life care planning. An advance directive for end of life care planning will be documentation of advanced care planning and directives will be a quality measure which providers will document.

3) ***Does this proposal address transparency of costs and quality? If so, explain.***

An appropriate fee schedule will have to be determined by the CO Health Authority and the PRO-CO administrator. Patient participation will be an essential piece of the benefit design

process. It will be clear and transparent and will include public input. Further, the cost of services and overhead will be publicly available. The CO Health Authority will continually measure and make available the information on how the money is spent on the cost of administration. The process will allow for public input by beneficiaries and advocates.

Also, the Outcomes Committee will work toward implementation of a public database containing records regarding data on providers, procedures and their effectiveness. Transparency of the data enables it to be used to demonstrate provider performance as a way to educate patients, inform payers and employers, and encourage selection of providers that meet appropriate standards.

4) How would your proposal impact administrative cost?

The *Healthy Colorado Now* plan includes a transparent, publicly accountable, non-profit structure called the CO Health Authority to oversee the administration of PRO-CO and the system. As PRO-CO grows and enrollment in PRO-CO and private coverage increases, the unit administrative costs will decline. The CO Health Authority will seek proven, cost effective care management strategies and will be transparent and accountable as to its medical loss ratio.

The Finance and Data Committee will seek ways to move to one billing system for PRO-CO and public programs and where possible, standardize the billing process for all insurers. Resources that providers and facilities currently spend navigating multiple, ever changing payment and billing systems will be better utilized providing patient services. The cost of multiple systems ultimately passes back to the consumer through higher premiums. In the long term simplification of the administration system is in the best interest of consumers, payers and providers.

J. Consumer Choice and Empowerment

1) Does your proposal address consumer choice? If so, how?

Consumer choice is important in the *Healthy Colorado Now* plan. The plan offers a new coverage option for the uninsured. PRO-CO offers a subsidy option for those that cannot afford the full cost of premiums. Consumers may choose the basic PRO-CO benefit plan, and may buy-up their options with supplemental and complementary coverage offered in the private market.

Consumers are also given the choice to participate in wellness programs such as weight loss, smoking cessation, exercise and fitness, etc. Active participation in such programs will be

rewarded with a reduction in premium costs. Also, consumers are given more control over their care with the opportunities for a medical home.

This plan will not affect Medicaid beneficiaries, but patient participation from the beneficiaries of all plans (state, private, PRO-CO) is an essential part of the process in benefit design for PRO-CO, and in setting the standard level of benefits for all non-ERISA plans in the private coverage market.

2) ***How, if at all, would your proposal help consumers to be more informed about and better equipped to engage in health care decisions?***

The CO Health Authority will promote consumer participation to move Coloradans toward becoming responsible consumers, and to empower them to become proactive participants in health care reform. Better patient outcomes are achieved through the use of evidence-based techniques that emphasize patient participation/empowerment, collaborative goal setting, and patient-centered problem-solving. Consumers should have access to useful information about their health and receive help from providers, family, friends, and the community as they develop self-management skills. Decisions about care, including those involving end of life and palliative care issues, should be part of ongoing advanced discussions occurring when individuals are more likely to make reasonable decisions, be satisfied with their decision, and avoid having decisions forced upon them in a time of crisis.

The components of the *Healthy Colorado Now* plan can be supported through improved communication (improved communication between family and patients, patients and clinicians, clinicians and other clinicians, acute care facilities and long term facilities). This type of communication facilitates the development and sharing of best practices. Above all, improvement of communication between all of the stakeholders including providers, professional liability insurers, funding foundations, payers, employers and other purchasers, government agencies, delivery organizations, consumers, and the various organizations representing each group is critical.

A transparent process will allow consumers to know what services are covered, what services are not, and why not. Knowledge of product and price inform consumer purchasing decisions. Sellers have the advantage when the product and the price are never the same. Consumers must either spend time doing costly comparisons or just spend money hoping to buy their way out of the uncertainty of not knowing what the real value of the product is. When the

product can be made uniform sellers must compete on price. A uniform benefit package will help lower the cost of shopping for insurance as well as the price of premiums. The guidelines for benefit design in the *Healthy Colorado Now* plan will be available to beneficiaries, and there will be a public input component to their design.

Also, the wellness component, Active Choice, will accrue to the plan and to the patient's benefit. The actual value of those activities will be documented and available to the public and plan beneficiaries. In addition to the wellness component, case management will include education and training in self-management for chronic disease.

K. Wellness and Prevention

1) How does your proposal address wellness and prevention?

The CO Health Authority, the umbrella administrative structure for PRO-CO, will include membership from the Colorado Department of Health and Environment who will provide expertise and oversight in the development and maintenance of the wellness programs. Further, their involvement will help to ensure that the design and administration of PRO-CO wellness benefits are adequately coordinated and integrated with public health and wellness efforts in the state.

The *Healthy Colorado Now* plan proposes that all financial barriers to evidence-based, approved preventive care be eliminated. Reimbursement of primary care providers for preventive services will be increased in order to encourage providers to offer preventive care. Incentives should be in place for practices that can demonstrate high performance in terms of preventive care outcomes for their PRO-CO enrollees.

By reimbursing preventive services such as vaccinations and prenatal checks at a higher rate than traditional plans, dollars can be saved and community wellness enhanced. By reimbursing providers for all the costs of efficiently managing those services (e.g. reimbursement for e-mail, phone outreach and other more efficient ways of engaging patients than fee for service encounters) preventive and wellness services can be provided that are less expensive as well as more effective.

L. Sustainability

1) How is your proposal sustainable over the long-term?

Sustainability is the largest challenge to any health plan. The *Healthy Colorado Now* plan, by reserving a role for the private health industry, assures versatility as well as sensitivity to

patient utilization practices. The financial sustainability of the public portion of the entire universal health care concept will be assured only as long as people find value in the assurances provides by the public plan.

The changing demographics of America and the increasing trends in obesity and chronic disease further threaten the viability of the U.S. care system. The seven committees under the CO Health Authority will continually address existing and emerging medical technology, and set standards for its inclusion into the benefit structure, set and monitor standards for a medical home, implement and evaluate incentives for positive health choices, and set and monitor programs in case and chronic disease management in order to address the viability and sustainability of the *Healthy Colorado Now* plan. The committees will allow this plan to continue to evolve and meet the needs of the patients and the market over the long term. To address sustainability, we propose the committees following mechanisms to control costs, improve quality, and insure value. The charges of the committees are outlined below:

Technology Review Committee

According to RAND researchers, "…society faces its greatest spending risk not from demographic and health trends, but rather from medical technologies[xxxiii]." The Technology Review Committee under the CO Health Authority will establish an explicit, transparent technology review committee involving all stake-holders. Their job will be to simply decide whether PRO-CO should cover new technological advances.

The Committee will look at cost saving measures through technology. Electronic medical records ensure caregivers have the necessary information to make good decisions, facilitate transitions between care settings, reduce duplicative testing, and prevent errors. Furthermore, HIT offers the possibility to bring evidence-based practice to the bedside through decision support tools at the point of care. In some instances, system improvements may not save money, but rather offer significant quality improvements. In these instances, the Technology Review Committee will be charged with making recommendations in which the costs and benefits are transparent. Investments in HIT will create value for patients, providers, and payers alike.

The Committee will act independent of government and industry. They will make coverage decisions based on evidence and cost-effectiveness and while their decisions will apply specifically to PRO-CO, the recommendations will be available to the state and to the private

industry as well. This committee will insure that public and private funds are not wasted on medical innovations of excessive cost and marginal benefit.

Formulary Review and Benefit Design Committee

The Formulary Review Committee will be responsible for establishing an evidence based formulary that will apply to PRO-CO (a formulary of equivalent comprehensiveness will be mandated for the private non-ERISA insurance market). Formulary development and management will include transparent processes for appeals and for provider and beneficiary input. This committee will also be charged with aggressively pursuing bulk purchasing arrangements that maximize the buying power of the state for all pharmaceutical purchases.

Network and Access Committee

The Network and Access Committee will address provider shortages. Evidence demonstrates that fewer medical graduates are entering primary care medicine, partly due to an incentive structure that rewards procedural specialties rather than evaluation and management[xxxiv]. This trend is especially dangerous in a state like Colorado with a large rural population and a high unmet demand for primary care.

The Committee will establish standards for a medical home. There is evidence from the medical literature that continuous primary care can improve quality and lower costs[xxxv]. Given this, the *Healthy Colorado Now* plan proposes to incentivize primary care in such a way to support a medical home for every Coloradan. The Committee will seek innovative ways to expand the number of primary care physicians and keep them in the state.

A practice may identify itself as a "medical home" from criteria established by the Network and Access committee. The committee will incorporate the following features of a "medical home" as outlined by the American College of Physicians[xxxvi] and apply them to PRO-CO:

- Apply evidence-based medicine and clinical support tools at the point of care.
- Case and chronic care management will include a care plan between the patient and the provider.
- Utilize e-mail and telephone care to enhance access to care.
- Identify and measure key-quality indicators.
- HIT: Adopt and implement HIT to promote quality of care and health information exchange.

- Participate in quality improvement projects.

Further, medical homes should be actively involved in their patient's care as they transition between facilities such as hospitals, rehab centers, skilled nursing facilities, and nursing homes. Managing transitions is an effective way to both control costs and improve qualityxxxvii. A practice that is identified as a "medical home" by the Network and Access committee will enjoy the following benefits and will be incentivized to provide a medical home:

- Increase reimbursement for evaluation and management of primary care to 110 percent of the Medicare reimbursement for like services.
- Reimbursement of primary care physicians for the time spent caring for patients on the telephone and on e-mail.
- Patients will not be accessed co-pays for follow-up visits. There will be a co-pay for initial evaluations to discourage doctor shopping.
- Reimbursement for case and chronic care management.

Specialist physicians may also establish themselves as a "medical home" provided the meet all the conditions as outlined by the committee. Further, specialists will be incentivized to help "medical home" physicians by e-mail or telephone; this will minimize unnecessary referrals to specialists and help avoid fragmented care.

Coverage does not always equate with access. Provider reimbursement will have to be commensurate with the cost of providing services. The Network Access Committee will evaluate the availability and distribution of providers, rates of reimbursements, and patterns in access for beneficiaries, and make and recommend policies that ensure adequate access. Until and unless the structures of PRO-CO and Medicaid merge, this committee will have to have some input into Medicaid reimbursement as well to ensure adequate access to services for the Medicaid. We recommend some representation of The CO Healthy Authority in HCPF, and of HCPF in the CO Health Authority.

Outcomes Committee

For this plan to perform as intended, outcomes will have to be rigorously measured and tracked. Measurement will be facilitated by widespread implementation of HIT. Target measures indicative of quality processes and outcomes will be identified and tracked on an ongoing fashion in keeping with best practices nationally. Providers will be engaged in this

process which will ultimately result in an open feedback loop to both providers and patients. Providers will have input on outcome measures and their collection and they will be given feedback on their performance relative to these measures. Patients will have access to the same measures and will be able to evaluate providers as well.

This committee will also be charged with determining the processes for identifying high use and high risk segments of patients who will be targeted for case management and wellness activities, as well as monitoring the progress of those initiatives. Research has shown case management to reduce costs and maintain quality[xxxviii]. The *Healthy Colorado Now* plan will utilize case management for the PRO-CO enrollees that use the most resources and for patients with chronic diseases.

Incentivizing positive choices will be addressed by the Outcomes Sub-Committee. Behaviors such as over-eating, lack of exercise, and smoking are difficult to address. The wellness arm of the plan, Active Choice will link to currently available state and local wellness programs such as smoking cessation, weight loss, stress reduction, nutrition, exercise and fitness, etc. Participants will receive a reduction in premium costs for their active participation.

The Outcomes Committee will also make recommendations on a public database containing information on provider and procedural performance and effectiveness. This will be available for the public to make informed decisions regarding care.

Finance and Data Committee

The Finance and Data Committee will monitor health spending and resource utilization in the state and within the *Healthy Colorado Now* plan. The committee will monitor overhead costs and evaluate the plan efficiency in an ongoing manner. We envision PRO-CO's financial structure allowing for the growth of financial reserves which can be strategically re-invested in health care infrastructure, benefit expansion, and ongoing plan management. This committee will oversee the development and maintenance of those reserves and will participate in the processes by which the Board determines priorities for the reinvestment of those resources.

The Finance and Data Committee will also recommend the creation of uniform billing processes to save costs and will monitor and manage the revenue streams that fund *Healthy Colorado Now* programs.

To continually improve the efficiency of Health Colorado Now programs, this committee will actively facilitate an ongoing efficiency improvement process inviting all beneficiaries and providers to offer suggestions for reducing costs and improving efficiency. Suggestions that produce significant plan savings will include some financial reward to whoever made the suggestion.

Standards and Quality Improvement Committee

The Standards and Quality Improvement Committee will define and evaluate quality standards in clinical practice, medical home standards and patient care. They will make recommendations to providers. This committee will create and monitor continuous quality improvement (CQI) processes and will seek to develop no-fault reporting processes to maximize the efficacy of ongoing quality improvement processes.

Eligibility and Enrollment Committee

The Eligibility and Enrollment Committee will make recommendation to implement a streamlined and centralized enrollment system that is the same for all counties in the state for Medicaid, CHP+ and PRO-CO enrollees.

2) ***(Optional) How much do you estimate this proposal will cost? How much do you estimate this proposal will save? Please explain.***

While an initial investment is necessary, once the *Healthy Colorado Now* plan is implemented and functioning, it will produce significant savings as compared to the current system. The Colorado Coalition for the Medically Underserved looks forward to the opportunity to work with the actuaries and the data from the Colorado Health Institute to make a meaningful estimate for the *Healthy Colorado Now* plan.

3) ***Who will pay for any new costs under your proposal?***

The *Healthy Colorado Now* plan for comprehensive change may be funded partly through the redistribution of existing funds such as Referendum C and Amendment 35. These monies could go towards the Medicaid and CHP+ eligibility expansion to 250 percent FPL. Some of the funds may be available to offset the subsidy for PRO-CO beneficiaries between 250 and 500 percent FPL. Colorado Indigent Care Program (CICP) funds and Disproportionate Share Hospital (DSH) funds may also be available to fund this program as there will be a significant decrease in uncompensated care.

The pay-or-play concept in the *Healthy Colorado Now* plan will also provide some revenue. Employers that decline to offer health coverage to their employees will pay an actuarially determined amount into the general fund. The money will go towards offsetting the cost of premiums for persons between 250 and 500 percent of FPL, as well as expanding existing public programs. All employees will make a contribution through a payroll deduction. Those insuring themselves privately will not contribute to the PRO-CO pool, but those who are not insured privately will.

4) ***How will distribution of costs for individuals, employees, employers, government, or others be affected by this proposal? Will each experience increase or decrease costs? Explain.***

The financing of care for individuals under 250 percent of FPL will include minimal cost sharing with beneficiaries. Medicaid and CHP+ benefits allow for little cost sharing currently, and these benefits will not be altered. Financing for this group will be a mix of general fund dollars from the state and federal matching dollars. If the state can obtain a waiver to cover childless adults through one of these programs, the funding mix will remain the same. Employers of Medicaid eligible employees will contribute a payroll fee that will contribute to the state's contribution to Medicaid, CHP+, and/or PRO-CO. If the state cannot cover childless adults to 250 percent of FPL on these programs, they will be enrolled in PRO-CO. Premium support for PRO-CO beneficiaries in this wage band will be funded by employer pay-or-play and by state general fund resources.

Individuals between 250 and 500 percent of FPL will be eligible for a sliding scale subsidy. Employers will contribute a payroll fee for each worker they do not insure and will withhold an employee contribution for these individuals that will vary from two to five percent of income over that income range. The state will provide the rest of the subsidy to fully fund this segment of the population.

Individuals above 500 percent of FPL will not be eligible for any subsidy. Funding for this population will be a mix of employer and employee contributions.

We estimate the following changes in spending in different sectors: For employers who currently do not insure their workers, we estimate health spending will increase. We assume there will be some economic benefit in a healthier workforce with lower turnover. For employers currently insuring their workers, we anticipate no increase in cost. There will be a decrease in

expenditures over time as costs are stabilized, and as they are no longer responsible for funding the cost shift to their competitors who do not insure their employees. For individuals without insurance who do not use health services currently, their costs will increase. This increase will be offset by insurance against catastrophic losses and stabilization of premiums for the point in their lives when they will need or acquire health insurance. For individuals currently insured, costs could drop for some, but will be stabilized over time for all. We anticipate that state spending on health will increase as the state's general fund will be responsible for funding significant portions of this health care expansion.

5) ***Are there new mandates that put specific requirements on payers in your proposal? Are there any existing mandates on payers eliminated under your proposal? Please explain.***

Yes, the private coverage market will guarantee issue, use a modified community rating system, and offer at least the standard benefit package designed by the Formulary Review and Benefit Design Committee under the CO Health Authority.

Also, employers must offer a health coverage plan with at least the PRO-CO level of benefits to their employees. If employers do not offer a health plan, they will be subject to a payroll fee. The fee goes into the general fund and helps fund the sliding scale subsidy for the persons between 250 and 500 percent of FPL enrolled in PRO-CO, any additional state funds needed to fund Medicaid and CHP+ expansions, and coverage for childless adults under 250 percent of FPL.

6) ***(Optional) How will your proposal impact cost-shifting?***

Health insurance is the absorption of risk and cost redistribution before the delivery of medical services. Cost shifting is cost redistribution after the delivery of medical services.

If everyone has insurance for essential medical services then there will be no cost shifting for essential services. There will always be a need for charity care, but universal enrollment will almost eliminate cost shifting. This will represent operational savings to clinics and hospitals who presently deal with cost shifting on a routine basis. Universal enrollment reduces risk and therefore the cost of risk to providers.

7) Are new public funds required for your proposal?

The creators of the *Healthy Colorado Now* plan believe new public funds will be required to achieve universal coverage under this plan. However, once functioning *Healthy Colorado Now* will produce major savings as compared the present system. Some state funds currently used for health care, such as DSH and CICP funds (totaling $325 million last year[xxxix]), may be available to offset this, but even an optimistic estimate will require some additional new revenue. For the purpose of modeling, we would request the following assumptions be modeled:

a. Assume the PRO-CO benefits package can be made available for $300 per member/ per month
b. Assume the state can enroll all parents and children up to 250 percent of FPL in Medicaid and/or CHP+ with maximal achievable federal match
c. For childless adults under 250 percent of FPL model we would request three possibilities be modeled
    i. They could all be included in Medicaid/CHP+ expansion with maximal federal match
    ii. A portion of this population could be included in Medicaid/CHP+ expansion up to an income threshold with a federal match, and the rest would be included in PRO-CO
    iii. This entire population would be covered under PRO-CO
d. Uninsured individuals between 250 and 500 percent of FPL will be enrolled in PRO-CO. Funding will be a mix of a reasonable employee contribution on a sliding scale between two and five percent of income, employer payroll fees, and a state subsidy as needed. We request the modelers examine payroll for this segment of the population to model the likely necessary contributions of these three funding streams to fund this level of benefit for this population.

8) (Optional) If your proposal requires new public funds, what will be the source?

We look forward to working with the modelers and the policy centers in the state to evaluate the financing policies in Colorado, and to find new sources of public funds.

How is the *Healthy Colorado Now* plan comprehensive?

Comprehensive, as defined by the Blue Ribbon Commission, means a reform proposal that expands coverage and decreases costs broadly for all Coloradans for whom these are issues[xl]. As we all know comprehensive health care reform is difficult to accomplish politically and at a single point in time. The Colorado Coalition for the Medically Underserved's plan, *Healthy Colorado Now*, proposes a reform model that can cover everyone with needed care by building on the existing system, while creating a new model with the capacity to grow and expand to absorb pieces of the existing system at whatever time that becomes politically, legally, and logistically possible.

The *Healthy Colorado Now* plan offers the following essential components to comprehensive health care reform:

- Guarantees a standard benefit package for all Coloradans
- Promotes prevention
- Encourage personal responsibility for health and wellness
- Promotes shared responsibility
- Offers affordability and cost containment
- Reduces cost shift

First, the plan will cover every Coloradan through public programs, PRO-CO, or private coverage plans. Second, it will give Coloradans more choice over their health care through prevention, health and wellness options, and the opportunity for a medical home. Third, it will pay for covering those who are currently uninsured by cutting waste and decreasing the total amount Colorado spends on health care. Fourth, it will hold down the rate of increase of future health care costs. Finally, it will make the Colorado economy more productive.

Only comprehensive change of our current system can provide universal, portable coverage, reduce inefficiency, control costs and secure health care for all Coloradans long into the future.

How was your proposal developed?

The concepts and some of the data behind the *Healthy Colorado Now* plan were developed by a group of stakeholders in conjunction with the Colorado Coalition for the Medically Underserved over the course of ten years. This document includes contributions from a number of organizations and over forty individuals meeting regularly over the last nine months.

In crafting this proposal, we were primarily guided by the overarching vision of achieving access to quality, affordable and timely care for every Coloradan. We further sought a means to achieving this that was financially sound and sustainable and that would create a structure that could grow and evolve in a manner that would ensure higher quality and the higher efficiency over time. We sought to incorporate innovations that have been tried and have proven successful elsewhere and in some cases we have borrowed from other published models or ideas that have not been implemented. We further sought to create a structure that we felt was the most politically and financially feasible now, yet one that could be flexible in its evolution to allow expansion of the program in a way that could adapt to future changes in Medicaid, SCHIP, Medicare, and private insurance programs. We have designed the plan so that public subsidies will flow only to publicly accountable plans. We considered this an essential component for maximizing the value to the taxpayer. Our vision was a strategic plan that would transform health care delivery in the state. While private insurers will not directly receive public subsidies, they will benefit from the removal of cost shifting, improved system efficiencies, and public investments in HIT and other health care infrastructure.

Finally, we do not view this proposal as a fixed and immutable program. We submit this in hopes that this plan will add to the discussion and contribute substantively to the development and implementation of a program that will ultimate meet the vision described above. Whether our plan is accepted whole or in part, we stand ready to support any proposal that will ultimately meet our shared goal of ensuring access to timely, affordable, quality care for all Coloradans.

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